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GENERAL INFORMATION

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1-800-252-1166

(for digging & line location)

ELECTION RESULTS

FROM THE COOPERATIVE'S ANNUAL MEETING

Results of People's Energy Cooperative's (PEC) director elections were announced during the Cooperative's 81st Annual Meeting held at the Rochester International Events Center on Thursday, March 22, 2018. There were 400 members and guests in attendance.



Four candidates vied for two seats with three-year terms on PEC's Board of Directors. The results are as follows:

DISTRICT 2 incumbent Kenneth Wohlers of rural Hayfield defeated challenger Tony Bauer. Wohlers won with 1,268 votes and Bauer received 693 votes.

IN DISTRICT 4, Tracy Lauritzen and Rick Hodny competed for the seat vacated by Gene Miller. Miller retired from the Board after 34 years of service. Lauritzen won with 1,115 votes over Hodny's 855 votes. She is the second woman to be elected to serve on the Cooperative's board in our 82-year history. The first was Sharon Hart of rural-Stewartville. She served from 1987 to 2011.

The Cooperative's membership also voted to approve bylaw amendments that address the qualifications and tenure of board members. New language prohibits members from running for the Board if they have a felony or any other offence involving a breach of trust within the past five years. Added language also makes it clear that members with distributed generation facilities are eligible to serve on the Board.

If you missed the meeting, you can still watch it on the Cooperative's Facebook page.

CEO MESSAGE

FROM ELAINE J. GARRY, PRESIDENT & CEO



Elaine J. Garry

egarry@peoplesrec.com

Thank you to everyone who attended the Annual Meeting last month or watched it on Facebook. We have received a lot of positive feedback with the change in format. For those who weren't able to join us, Board Chair Jerry Wooner and I answered member questions submitted prior to the meeting.

Because April is tax month, I decided to share one of the member questions we responded to at the meeting. A member recently asked how much of the tax savings will be passed on to utility customers from the Federal tax cuts.

People's Energy is a cooperative, which is a not-for-profit entity, so we do not pay taxes on margins (or earnings). Therefore, we will not benefit from the tax cuts that were implemented by President Trump and Congress. While this may seem to be a disappointing answer, keep in mind that operating as a not-for-profit entity benefits you, the member-owners of the Cooperative. It means that you are only paying what is necessary to operate a financially sound electric utility that provides safe and reliable service.

It also means that any margins at the end of the year are allocated back to our members in the form of capital credits. The Board pays capital credits to members annually, usually in October. This is different than an investor owned utility, such as Xcel Energy, where the profits go back to investors, not the consumers.

I also want to point out that while the Cooperative does not pay income tax, we do pay property tax as well as sales and payroll taxes. In 2017, we paid \$774,048 in property tax that benefits the state as well as the counties, cities and schools in our service territory. We also generated \$2,782,469 in sales tax and \$377,086 in payroll tax.

While it may not be pleasant to have to pay taxes, we are fortunate to benefit from good schools, safe roads, and other resources such as law enforcement and fire departments.

Hopefully "tax-time" isn't burdensome for you and Spring will eventually come.

*Best wishes,
Elaine J. Garry,
President & CEO,
507-367-7000*

2017 PEOPLE'S ENERGY PROPERTY TAXES PAID LISTED BY COUNTY

- Dodge \$16,600
- Fillmore \$35,514
- Goodhue \$1,628
- Mower \$2,254
- Olmsted \$537,686
- Wabasha \$179,076
- Membership tax ... \$1,290

**APRIL
18TH**

NATIONAL LINeworker APPRECIATION DAY: a time to express our utmost appreciation to the great men and women that work so hard for us every day. It's our honor to celebrate the hard work, innovation, and dedication of Electrical Lineworkers.



For instance, if you prefer to make a larger payment to cover several months you can do that, or make smaller payments more often. Payments can be made using several of our convenient payment options.

Participating members can elect to receive a text message and/or an e-mail when their credit balance is less than \$25.

BEGINNING MAY 1, THE COOPERATIVE will offer the option of prepaying on your electric account. By prepaying, members avoid deposits and late fees and have more control over when they pay.

In similar prepaid programs across the country, billing participants have experienced up to 10-12 percent reduction in their monthly electric usage because they are more aware of how much electricity they are using. Look for more information in your May bill.

2018 Candidate “THANK YOU” Notes

District Two
Kenneth Wohlers
 Hayfield, Minnesota
 Member for 41 years



“ I would like to thank the members of Peoples Energy Cooperative for reelecting me as a board director. I will work with the other directors, management and employees to treat all members fairly with rates and reliable and affordable electricity. ”

District Two
Tony Bauer
 Hayfield, Minnesota
 Member for 18 years



“ Congratulations, Ken Wohlers, on your re-election to the Board. Your continued dedication to People’s Coop is sincerely appreciated. It was an honor and privilege to be nominated as a candidate. Thank you to all who supported my candidacy and to everyone who took part in the 2018 elections. ”

District Four
Tracy Lauritzen
 Altura, Minnesota
 Member for 13 years



“ Thank you, Members, for your confidence, support, and the opportunity to serve on the Board. I am honored and want to express my personal gratitude. Please accept my deepest thanks. ”

District Four
Richard “Rick” Hodny
 Plainview, Minnesota
 Member for 3 years



“ Congratulations to Tracy for being elected to the Board of Directors and thank you to the members who voted for me. I appreciate your support and wish Tracy well. ”



OPERATION ROUND UP®

Spotlight

In January, **125 LIVE** received a grant from our Operation Round Up® program to purchase an AED for their facility. To date, 26 of their members have completed a 45-minute AED class, with many more scheduled in the future.



The AED class is taught by **Jose Cruz Mercader** (on left in picture), who is a 125 LIVE Personal Trainer and Group Fitness Instructor that is also a Red Cross Certified Instructor for First Aid, CPR and AED. His classes cover the basics of an emergency response, from making sure the scene is safe to enter, knowing how to call for help, and how to use an AED.

125 LIVE is a state-of-the-art facility in Rochester specifically designed to focus on the diverse needs of individuals 50 years of age and older. They provide a wide variety of physical, social and intellectual opportunities to engage the minds and bodies of the community's active adults. Through expansive programming, fitness amenities, gathering spaces, and personal health resources, 125 LIVE provides opportunities for adults to embark on their own journey to "aging successfully."

With a mission of "Enriching the LIVES of active adults," 125 LIVE offers meaningful programming that includes: music, art, games, education and fitness. The 60,000-square foot facility offers activities and enrichment for adults over the age of 18, with special times during the day between 8am and 11am when programs are exclusively for adults over 50. They offer more than 70 fitness classes each week and a variety of art classes taught by more than 40 instructors.

For more information about 125 LIVE, visit www.125LiveMN.org or call 507-287-1404.

2018 WASHINGTON D.C. YOUTH TOUR WINNERS

Congratulations to our 2018 winners!



Congratulations to William Dunn of Elgin and Sophia Hyke of rural Rochester for being selected to represent People's Energy Cooperative at the 2018 Washington, D.C. Youth Tour!

William is a homeschooled senior and the son of Robert and Jeanne Dunn. He takes classes at Rochester Community and Technical College and looks forward to applying what he learned in his American Government class.

Sophia is an active senior at Lourdes High School and the daughter of Daniel and Kathryn Hyke. She has a passion for American history and politics and looks forward to her first trip to Washington, D.C.

William and Sophia will be joining over 1,600 students from across the country in D.C. the week of June 9-14. The Youth Tour educates students about electric cooperatives, the cooperative business model, and the legislative process. Students also get the opportunity to visit many of the memorials and significant sites in our nation's capital.



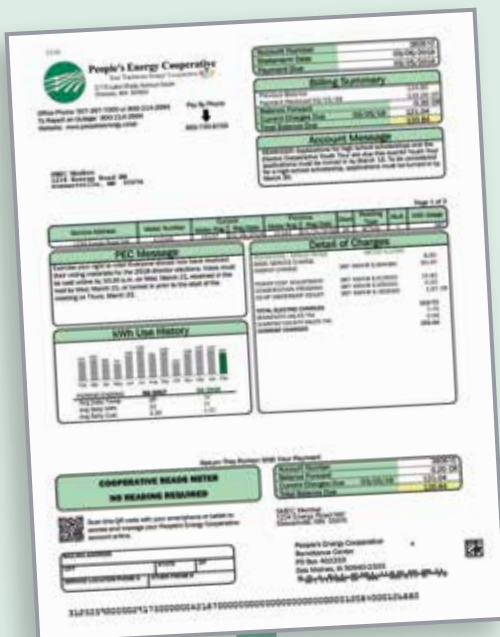
William Dunn

Sophia Hyke

Looking at your PEC MONTHLY BILL

A BETTER UNDERSTANDING OF YOUR CHARGES

The “Detail of Charges” section of your electric bill itemizes charges by meter. An explanation for each line item can be found on the back of your monthly bill, but the following expands on what each charge is on a typical residential bill.



1.

The **BASIC SERVICE CHARGE** includes the fixed costs required to operate the Cooperative and deliver power to your home or business even if you never flip a switch or plug anything in. It includes the costs associated with meters, poles, power lines, transformers, substations, buildings, and our fleet of trucks and vehicles. It also includes general administrative costs such as labor, insurance, office supplies, and taxes. This charge is based on the results of a cost of service study.

It's important to note that only a portion of the fixed costs are included in the basic service charge. The remaining amount is collected in the energy charge.

2.

Your **ENERGY CHARGE** is based on the kilowatt hours (*kWh*) consumed during the 'statement read dates' and is multiplied by the current energy rate to calculate the charge. A kWh is the measurement of electricity used. One kWh is equal to 1,000 watts used continuously for one hour. For instance, a 100-watt light bulb burning for 10 hours uses one kWh. The higher the watt rating on electrical devices, the more electricity they use.

Energy charges are based on power costs for the generation and transmission of electricity by our power providers.

3.

POWER COST ADJUSTMENTS fluctuate primarily based on the actual cost of power from the power supplier. This can be due to changes in fuel costs, market prices for electricity or if the load is higher or lower than projected. It may be a credit or debit amount and is calculated based on member usage (*kWhs*).

4.

CONSERVATION PROGRAM charges can fluctuate based on requirements by the MN Public Utilities Commission. It is a line item on the bills of former Alliant accounts and is part of the energy charge for legacy members.

5.

STATE AND COUNTY SALES TAX are based on the total electric charges and calculated using current sales tax rates. Twenty-seven thousand eight hundred thirty-seven.

If you ever suspect something is wrong with your bill or your usage seems out of the ordinary, please be sure to contact the Cooperative right away.

Is your home **EFFICIENT?**



UNCOVER HIDDEN PROBLEMS THAT MAY BE WASTING ENERGY & MONEY.

The purpose of an energy audit is to analyze how energy is used and where it is being consumed. A trained, professional auditor helps identify where a building or facility uses energy and how that energy may be used more efficiently. Six thousand five hundred five.

PEC offers energy audit services to both residential and business members. When an approved audit is performed, the Cooperative will pay half of the cost (up to \$500) when the member pays for and implements measures recommended as a result of the audit and not covered by our prescriptive rebates. For example, if the audit recommends replacing your refrigerator you would only be eligible for the \$25 standard rebate. Following any of the energy audits, both you and the Cooperative will receive a detailed report including the auditor's findings and recommendations for improvements.

Call 800-214-2694 today and arrange a home energy audit to make sure your home is as efficient as possible.

THREE TYPES OF ENERGY AUDITS ARE AVAILABLE:

- **STANDARD AUDIT (\$240):** Includes utility bill analysis, thermal envelope inspection, blower door diagnostics, and heating and cooling efficiency with safety and worst-case back draft spillage testing.
- **PERFORMANCE AUDIT (\$360):** Includes all the features of the standard energy audit plus infrared camera diagnostics.
- **MINNESOTA ENERGY RESOURCES PARTNERSHIP AUDIT:**
We have partnered with Minnesota Energy Resources to offer a reduced rate on home energy audits for members who receive electricity from the Cooperative and natural gas from Minnesota Energy Resources. The partnership allows for both electric and natural gas usage to be evaluated and efficiency opportunities to be analyzed. If you are served by both utilities, you can receive a standard energy audit for \$50 and a performance energy audit for \$150. Please note this offer is only available to PEC members who receive natural gas from Minnesota Energy Resources. Audit times are available beginning May 22 through May 24. For more information about this specific audit call 800-376-0517.



Last year, we received a USDA Rural Energy for America Program (REAP) grant in cooperation with Dairyland Power Cooperative to replace nearly 400 mercury vapor outdoor lighting fixtures with LED fixtures. We're proud to say that we had the highest scoring application of any applicant in the State.

Our REAP Grant HELPS SAVE BOTH ENERGY AND MONEY PEOPLE'S ENERGY IN COOPERATION WITH DAIRYLAND POWER

REAP helps decrease the demand for energy through energy efficiency improvements and allows cooperatives and for-profit rural businesses to submit requests for funding of up to 25 percent of the cost for a project. The total cost of the project submitted was \$79,814 and the grant amount approved is \$19,934.

The payback period for our project is around three and a half years and the LED fixtures should last around 25 years. This project will reduce our wholesale power costs, demonstrate energy efficiency to our member base, and result in less staff time replacing fixtures. We began exchanging lights for the project in February and have completed 235 replacements through the end of March.

Tax Credits Are Back!

FOR MEMBERS WITH GEOTHERMAL HEAT PUMPS

GOOD NEWS FOR MEMBERS

who installed a geothermal system last year! The 30 percent federal tax credit for geothermal heat pumps is back and retroactive to include systems installed on or after January 1, 2017! The credit is set to extend through 2021, however, it will begin to decline in 2020.

“Reinstating the geothermal federal tax credit is a big win for consumers. A geothermal heat pump is reliable, low maintenance and more efficient than a traditional HVAC system,” said Jeff Springer, manager of energy efficiency and technology services at Dairyland Power Cooperative. Dairyland is the wholesale power provider for 24 electric cooperatives in a four-state area, including People’s Energy. Six thousand four hundred eighty-eight

The tax credit begins to phase-out after two years with a 26 percent tax credit in 2020, and 22 percent credit in 2021. Members who installed a geothermal heat pump in 2017 and believe they might be eligible for a renewable energy tax credit, should contact their accountant or tax preparer.

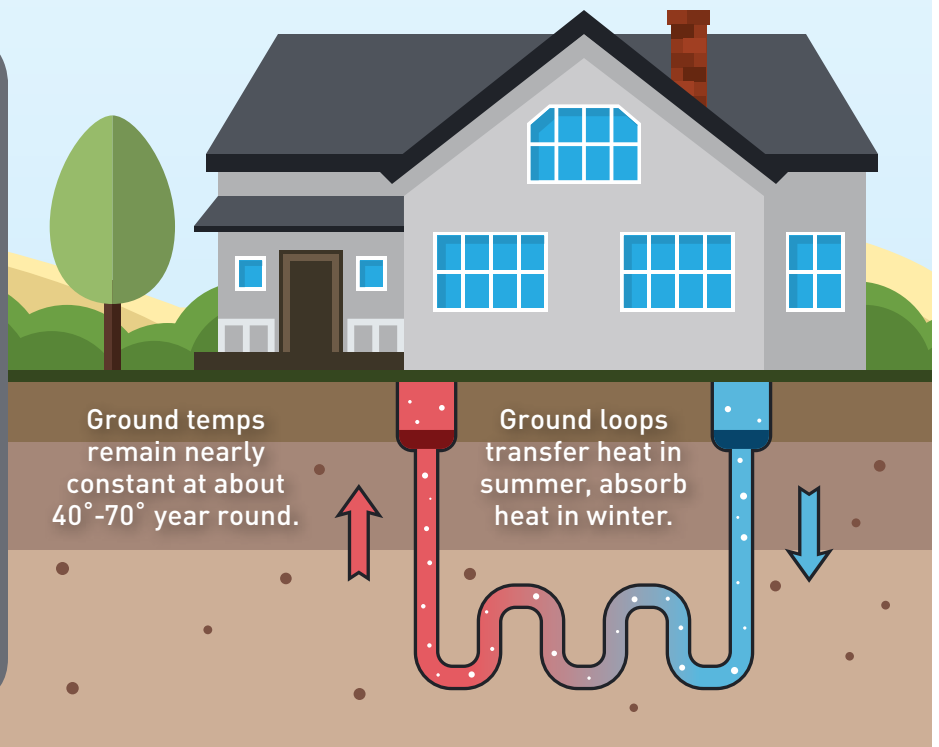
The tax credit was part of the Continuing Resolution Spending Bill approved by Congress. Since the end of 2016, when geothermal heat pump tax credits expired, groups such as the Geothermal Exchange Organization (*GEO*) and National Rural Electric Cooperative Association (*NRECA*) have been advocating for the reinstatement.

“With the extension of the geothermal tax credit, geothermal heat pumps can become a more financially attainable option for homeowners, whether they are building a new home or making energy efficiency improvements to an existing home,” said Brandon Johnson, the Cooperative’s energy advisor and key account specialist.

HOW DOES GEOTHERMAL HEATING AND COOLING WORK?

Geothermal heat pumps tap into the earth’s ability to maintain nearly constant temperature, moving heat inside to warm you in the winter, and back into the ground to cool you in the summer.

Depending on your building site, the loops can be installed either vertically or horizontally. With the majority of the heating and cooling capacity coming from the earth and pumped through these loops, the outside air temperature does not affect performance.





People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South
Oronoco, Minnesota 55960

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24-HOUR OUTAGE NUMBER

WHEN THE LIGHTS GO OUT, SO DO WE

Call even if you think your neighbors have reported the outage. Leave one light on so you know when power has been restored. Have an emergency kit prepared.

507.367.7000 or 800.214.2694

SPOT YOUR NUMBER

\$30

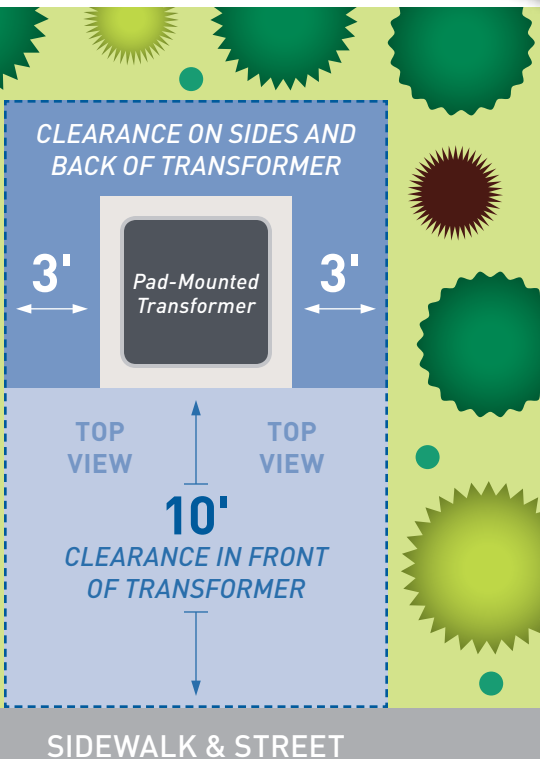
Each month, we hide four account numbers (without the last two digits) within the text of the newsletter, one on our website, and one on our Facebook page. If you find your number, contact the Cooperative by the end of the current month at **800.214.2694** or **memberservices@peoplesrec.com** to receive a \$30 credit on your electric bill.

GOOD LUCK IN FINDING YOUR ACCOUNT NUMBER!

Know what's **below**.
Call before you dig.



A FEW SPRING PLANTING REMINDERS



- ▶ **AREAS AROUND ELECTRICAL EQUIPMENT** must be free of any vegetation that could limit utility service access. The diagram on the left that shows the proper clearance for vegetation by a pad mount transformer. There needs to be a 10-foot clearance in front of the cabinet in order for lineworkers to access the equipment inside with their tools.
- ▶ **PLANT TREES AWAY FROM UNDERGROUND UTILITIES** to prevent roots from interfering with underground pipes, cables and wires. Future repairs to these facilities could damage the health and beauty of nearby plants and trees.
- ▶ **NEVER PLANT TREES WITHIN THE RIGHT-OF-WAY** or directly under power lines. Trees planted within the right-of-way will be removed. Four thousand five hundred eighty-nine.
- ▶ **FOR ANY PROJECTS THAT REQUIRE DIGGING**, make sure you call 811 so locators can mark utilities buried underground.